these programs. More uninsured Americans will only increase total costs to the health care system.

We must keep in mind that Medicare and Medicaid were created because proper incentives were never placed in the private market to enable it to accept the risks associated with insuring the elderly and disabled. As we encourage the Medicare population to move into private health plans we must be sure to do what President Eisenhower tried to do over 40 years ago—we must be sure to place the proper incentives in the private market that will encourage it to compete for the chronically ill high cost population on quality and price.

As we move to a system in which we offer Medicare beneficiaries throughout the country greater choice and coordinated care, we must not forget to address the following concerns. First, what types of choices will be available for rural and underserved areas which have little or no penetration of the private managed care marketplace? Second, how can we provide coordinated care for beneficiaries who decide to stay in the current fee-for-service Medicare program? Third, how can we address the bifurcated finances and benefits offered to the aged and disabled population through the Medicare and Medicaid programs?

Many rural and underserved areas of this country, like Vermont, which do not have an over abundance of hospitals and other health providers, have not seen the benefits experienced by a mature managed care marketplace such as Minnesota or Washington. I was very pleased to see that the Finance Committee has recommended that the AAPCC be modified to increase the per month payment per Medicare beneficiary in rural area. Hopefully, more managed care plans will decide to start up business in rural parts of this country. But this change will take some time.

Market alternative's to managed care health plans have been springing up all over rural America. For example, although Vermont does not have a multitude of managed care health plans operating, providers have been developing networks that offer a continuum of care to Vermonters. Networks that provide acute, home health and residential care. They provide direct medical care, as well as, the personal services needed for individuals to manage their own care needs. This coordination of care is very similar to what Blue Cross of western Pennsylvania is providing its fee-for-service clients through case management. Like Blue Cross, many private sector fee-for-service health plans have begun to provide case management on a voluntary basis to individuals with high-cost conditions, generally chronic or catastrophic care cases. These programs offer greater flexibility in the array of services needed, on a case by case basis, and have proven very cost effective.

HCFA has demonstrated that a small proportion of Medicare beneficiaries account for a high proportion of payments. In 1992, about 9.8 percent—3.5 million—of all Medicare enrollees accounted for 68.4 percent—$82.6 billion—of all Medicare payments. The experience for the last 20 years of the program has shown that 80 percent of the beneficiaries account for only 20 percent of the costs of the Medicare program. In the Medicaid program 30 percent of the population, the aged and disabled, accounts for 70 percent of Medicaid expenditures. Furthermore, this is the cost in the Medicaid Program that is growing the fastest. Finding a means to manage high cost cases in these two programs is essential if we are going to reduce costs in both of these programs.

To add to the distortion and inefficiencies in providing care for elderly and disabled persons is that many of these people are both Medicare beneficiaries and Medicaid recipients. These people are termed dually eligibles today. This creates numerous clinical, operation, and financial problems, particularly as these two programs are taking extraordinary steps to control spending. In order to access the full range of care that is necessary an individual must deal with two very different systems. The care received by a dually eligible consumer is therefore, often fragmented, reimbursement driven, and inappropriate.

Service decisions are routinely made by providers based on which program pays better. This result is not always a care plan that is in the best interest of the consumer or the most cost effective. Because two payors offering distinct yet overlapping benefit packages with different sets of rules are responsible for the same consumer, much confusion exists for all parties. It is often impossible for States to know what service decisions, which ultimately tap Medicaid funding, are being made while the senior citizen is in the Medicare system. Another source of much provider discontent and inefficiency is the dual administration of claims payments. One of the major reasons for this problem is that Medicare and Medicaid claims processing systems are not compatible and Medicare and Medicaid payment policies differ. The result is needless inefficiencies and expense.

As attempts to control Medicare spending and to block grant Medicaid move forward, the problem of dual eligibles becomes an obstacle to achieve both goals. Medicare cannot control the cost of this population unless Medicaid funded services are used to lower Medicare's acute care costs. Medicaid cannot manage and coordinate the care of the elderly and disabled unless it is given responsibility for the full continuum of care. One answer is a case managed system for the dual eligibles which merges Medicare and Medicaid coverage and is administered by the States on Medicare's behalf. This would be a thoughtful approach in addressing the highest cost cases in both programs by replacing the fragmented, costly and inefficient system of today with an integrated, managed care approach designed to keep people healthier and lower costs for both public programs.

I have been working with Senators KASSEBAUM, COHEN and CHAFEE on this very key issue as we look forward to restructuring our public programs. Once we have created a delivery system that provides high quality, appropriate, cost effective care for the people who need the system the most—we will have restructured a health care system that works for all Americans. Mr. President, I look forward to working with my colleagues on both sides of the aisle in a thoughtful debate on how to modify both Medicare and Medicaid.●

WELFARE REFORM VOTES

Mr. ABRAHAM. Mr. President, during the Senate's consideration of the welfare reform bill there was often very little time available for Senators to debate the amendments which were offered. I would like to take a moment of the Senate's time now to comment on various votes which were cast during that debate.

Mr. President, no single issue dominated our deliberations more than the subject of illegitimacy. Republican or Democrat. Liberal or Conservative. I believe nearly every Senator emphasized the need for our society to curtail the dramatic rise in illegitimacy—or else face the tragic consequences.

Given our near universal expression of concern and the overwhelming urgency of the situation, the logical question became: What steps do we in Congress take to combat this vexing problem?

A number of proposals were presented for the Senate to consider. There was the family cap: Essentially denying additional benefits to mothers already on welfare for any additional children they have. There was the issue of denying any assistance at all to unwed teen mothers. And there was the illegitimacy ratio bonus which would provide additional financial assistance to States which successfully lowered their out-of-wedlock birth rate.

My general philosophy when it comes to an issue such as welfare reform is to give the States maximum flexibility in designing and operating their own programs. I think this is especially important when dealing with the matter of illegitimacy. While a great deal of attention has been paid to this issue lately, at present, there is no concrete evidence that any specific program or approach has proven to be consistently effective in stemming the tide of illegitimacy.

Mr. President, the States have shown they are best suited to serve as laboratories where experimentation can take place and truly innovative solutions will be found. However, if this is to

happen, we must resist the temptation to coerce the States into adopting any one particular approach as the best or only way to combat illegitimacy.

The State of New Jersey has over the last couple of years instituted a family cap as part of its welfare program. I applaud their leadership in attempting to reverse the devastating effects of rampant illegitimacy. Nevertheless, there are conflicting reports about the results in New Jersey thus far. At this time, it is unclear what conclusions we in Congress can fairly glean from their experience. Absent credible evidence of success, how can we justify imposing any one approach on every State in the Nation?

A far preferable approach, Mr. President, is to set national goals and give the States incentives to pursue them. This is why I fought to add the illegitimacy ratio bonus mechanism to the welfare reform bill. With the bonus, we are giving States a substantial financial incentive to be vigorous in dealing with their out-of-wedlock birth rates without the constraints of a specific policy regimen. It is intended precisely to reward those States which are innovative, assiduous, and successful. And because the award is so substantial, we included language in the provision protecting against States using abortion as a means of achieving these drops in out-of-wedlock births.

With these thoughts in mind, Mr. President, I voted for the motion to strike the family cap offered by the Senator from New Mexico, Senator DOMENICI. The Dole family cap language required every State to deny cash benefits for additional children born to mothers already on welfare. There was no opt-out available to States. There was no ability for States to modify the cap to suit their circumstances or to get out from under it if unintended consequences ensued.

Many people believe the crisis of illegitimacy is sufficiently dire that dramatic steps must be taken. I concur with that assessment. I simply question the wisdom of forcing all 50 States to adopt a rigid prescription for combatting illegitimacy at the same time we are giving them limited resources and asking them to be creative in designing their own welfare programs. The illegitimacy ratio bonus—providing States the incentive of additional resources if they make use of the flexibility we allow and design effective programs—is I think a better way to induce States to address this problem.

Mr. President, this same rationale persuaded me to vote in favor of the Faircloth amendment which combined a Federal requirement that States deny cash assistance to unwed teen mothers with a State opt-out provision. The reason for requiring States to affirmatively opt-out of the Federal requirement is to ensure that States at least engage in a formal debate on how they plan to address the issue of illegitimacy.

Given the severity of the problem and the catastrophic ramifications of our doing nothing, I do not believe that requiring States to debate the wisdom of this particular proposal is an unnecessary infringement on State prerogatives or flexibility. It is also important to remember that there is nothing in this legislation which would have prevented States from doing this once the bill was passed. Under the Senate bill, States are free to enact such policies, and I suspect a number of them will.

Mr. President, let me stress one final, important point. I have said that I believe States should be given the opportunity to devise and implement their own programs to counter the skyrocketing out-of-wedlock birth rate. I fully expect them to make the most of this opportunity.

Should States either fail to address this issue or to deal with it effectively, I believe the Congress will have no choice but to step in and dictate a more prescriptive approach. Likewise, if particular initiatives yield concrete results at the State level, it would then become more reasonable for the Federal Government to push States to adopt such policies—though not to the exclusion of all other approaches.

Mr. President, another area of concern to many Senators was the issue of requiring States to maintain a level of spending on welfare consistent with that of previous years. I think the proponents of such measures—commonly referred to as ''maintenance of effort''—operate out of a genuine concern that States not take advantage of this new Federal-State relationship. Nevertheless, I believe these efforts are misguided for two principal reasons.

First, I believe most of these proposals originate out of the false notion that States, once relieved of massive Federal regulation and oversight of these programs, will immediately begin a race to the bottom. Once States are relieved of a required level of spending, it is argued, they will quickly cut benefits and shift their own resources to other areas. As I have stated on other occasions, I find this argument to be both naive and condescending.

I think our experience in Michigan shows that States—if given the latitude to run their own programs—can be both efficient and compassionate. The first reforms Michigan instituted, once it received the requisite waivers from HHS, were not designed merely to get people off welfare and save money. In fact, the actual effect of many of these initiatives was this: To allow people to stay on welfare and, at the same time, to remain a two-parent family, or, to take a job and earn some additional money, or, in some instances, to facilitate the welfare recipient's eligibility to receive Medicaid, to which they would not otherwise be entitled.

Far from our State's program being more harsh, I believe we in Michigan have been in many ways more realistic and more compassionate than the Federal Government.

The second reason the rationale behind maintenance of effort requirements is flawed is that they are simply not realistic. Again, I think Michigan's experience is instructive.

Over the last 3 years, Michigan was able to reduce its welfare caseload by approximately 14 percent. In September 1992, our AFDC caseload was almost 222,000 cases and as of August 1995 our caseload has dropped to just over 190,000. Because of this, welfare spending in our State decreased from $485 million in fiscal year 1993 to $451 million in fiscal year 1994—a difference of $34 million or 7 percent. And fiscal year 1995, which is about to end, is expected to be considerably lower than the previous year.

Mr. President, there are those who will argue about whether Michigan's caseload reduction is due to our welfare reform program or our strong economy. Frankly, that misses the point. A strong economy has certainly had a beneficial effect on our welfare caseload. However, even if the caseload reduction were due solely to the State's improved economy, the simple fact remains that there normally would be a correspondingly large reduction in State spending on welfare. And this would occur without any negative impact on the services or benefits available to individuals who remain on welfare.

Why, Mr. President, should a State have to continue to spend the same amount on welfare if its caseload has been reduced by 10 percent, 20 percent or even 30 percent?

Nevertheless, during consideration of the welfare reform bill, the Senate was repeatedly confronted with attempts to impose a maintenance of effort requirement. The original Dole-Packwood bill did not contain a maintenance of effort provision. It was subsequently modified to provide for a 75-percent maintenance of effort for the first 3 years. We then upped that figure to 80 percent, and later extended the effort requirement to 5 years.

Mr. President, I supported those changes because I understood that these were sincere attempts to accommodate Senators with serious concerns about this issue. I was willing to agree to these changes precisely because the level of effort required—75 percent or 80 percent—allowed a reasonable degree of latitude for States to adjust their spending levels to meet exigent circumstances. However, the Breaux amendment—which I opposed—required a 90-percent maintenance of effort or a decrease in the State's AFDC grant proportionate to the amount the State's spending fell below 90 percent of previous levels.

And shortly before final passage, we were asked to vote on the final Dole modification package which contained two additional maintenance of effort provisions. The first one was tied to the additional $3 billion made available

to States for child care. To be eligible for these funds, States were required to maintain 100 percent of their fiscal year 1994 spending on AFDC child care —even though they would still have to match these Federal funds at the standard Medicaid matching rate. The second was tied to the contingency fund, for which States were only eligible if they maintained 100 percent of their AFDC spending for fiscal year 1994.

Mr. President, I realize many of my colleagues are concerned about States not carrying their weight, not paying their fair share. This Senator was willing to support a symbolic level of effort—and did. However, I felt the two additional maintenance of effort provisions in the final Dole modification simply went too far. The effect of all of these provisions, I believe, would be to force States to adopt spending priorities that were inconsistent with their caseloads, their costs or other factors.

Why is that a legitimate concern? It amounts to subtle coercion and contradicts what we are purportedly attempting to accomplish by creating the block grant. It violates part of the bargain into which I thought we were entering.

We promised to give States essentially a fixed block of money with which to design and operate their own welfare system. The incentive for the States to run a tough, fair and efficient system was that they could decrease the overall amount they spent on welfare and, thereby, free up some of their own funds for use in other areas. By adopting these various maintenance of effort requirements, we have violated that tacit agreement and—I believe—undermined States' ability to succeed. I think that was a mistake.

It was for that reason I voted ''No'' on the final Dole modification. However, I still strongly supported the bill on final passage. There are too many other important elements in the legislation. And inclusion of this provision in the bill does not, in my mind, jeopardize the overall feasibility of the welfare block grant scheme.

Finally, Mr. President, there were a number of votes on amendments to Title V of the bill which dealt with the provision of Federal means-tested benefits to non-citizens. Let me briefly address a couple of these.

First, I see no merit or justification—where the U.S. Constitution is silent—in drawing distinctions between naturalized and native-born citizens. Where the Constitution makes distinctions, we must abide by its directives. Beyond that, I believe all citizens, regardless of how they arrived at their citizenship, ought to be treated equally under the law.

America is a nation built by immigrants. It has always served as a shining beacon of freedom to those fleeing tyranny and those seeking opportunity. In the case of my own grandparents, they came here merely looking for an opportunity to build a life for themselves. Once they became U.S. citizens, the place of their birth should have had no bearing on their rights or privileges in this country.

This is why I voted for the amendment offered by the Senator from California, Senator FEINSTEIN, to remove language in the underlying Dole proposal which would deny cash and noncash welfare benefits to naturalized citizens during the ''deeming'' period. The ''deeming'' period refers to the time during which the assets of the immigrant's sponsors are counted in evaluating the need for means-tested government assistance.

Mr. President, I believe this amendment is clearly unconstitutional. We are talking about American citizens, not legal aliens. As Senator FEINSTEIN indicated during the debate, the Supreme Court in 1964, in the case Schneider v. Rusk ruled that ''the rights of citizenship of the native born and of the naturalized citizens are of the same dignity and coextensive.'' There can be no rationale for explicitly or implicitly designating as ''second-class'' citizens individuals who have come by their citizenship legally. It is as simple as that. The Feinstein amendment would have eliminated any disparate treatment once citizenship has been achieved. That is what the Constitution requires, and that is why I supported her amendment.

The other amendments in this area addressed extending federally means-tested benefits to non-citizens. Unlike the issue in the aforementioned Feinstein amendment, in these instances I felt there could be a legitimate policy distinction between citizens and noncitizens. Exact symmetry in our treatment of these groups is not necessary—and, in certain situations, not appropriate.

A second Feinstein amendment dealing with immigration would limit the deeming requirements to only cash and cash-like Federal benefits. Therefore, legal aliens with sponsors would not have to have their sponsor's income taken into consideration when applying for such Federal benefits as Medicaid and Head Start.

This amendment raises three issues. First, the letter of the law is that all legal immigrants entering this country—even those who ultimately plan to stay permanently and become citizens—must assure immigration officials that they will not become public charges while they are here. They must show sufficient resources either of their own or belonging to their sponsor. While this law has not been diligently enforced, it is important to remember that those are the terms of an immigrant's entrance into our country.

Second, we are in the process of making difficult budget decisions on many programs—including Medicaid and Head Start. Are we prepared to facilitate the ability of non-citizens to gain access to these programs at the same time we are placing limits on the funding available to meet the needs of our own citizens?

Last, the argument is made that, if these people are not eligible for Federal benefits, the States will end up bearing the cost of providing these services. The bill does make exceptions —such as emergency medical care, disaster relief, school lunches, child nutrition, and immunization against disease—so that under certain circumstances the Federal Government will cover the cost of certain benefits. Aside from those instances, States must decide what level of services they are willing to provide, and they are free to spend their resources in those areas as they see fit. I did not see a compelling reason to add to the exceptions already provided for in the bill, and therefore, I could not support the Feinstein amendment.

Senators SIMON and GRAHAM offered an amendment which would have eliminated any retroactivity effect from the Dole bill's provision to increase the deeming requirement in all cases to a 5-year period. Currently, there are some government benefits, education assistance being a primary example, for which non-citizens residing legally in the United States can become eligible earlier than the five year deeming period which exists for most means-tested Federal benefits.

This provision would apply to a relatively narrow segment of people: only legal aliens who have been in this country less than five years and who either are currently receiving some form of assistance or are eligible to receive some form of assistance because the respective deeming period has expired. As I have indicated, immigrants legally admitted to the United States are asked to pledge that they will either be self-supporting or supported by their sponsors.

I regret that some people may be adversely affected by this provision. Nevertheless, it has become too easy in many instances for non-citizens to receive government benefits while our own citizens often go without. At a time when we are making difficult budget cuts which will impact the lives of American citizens, I think we owe it to them to ensure that we are not conferring non-essential benefits to noncitizens. For that reason, I opposed the Simon-Graham amendment on deeming retroactivity.

Mr. President, let me quickly describe a number of other issues which arose during the Senate's consideration of the welfare reform bill.

Formula issues are always among the most contentious of the matters we deal with in the Senate. On welfare reform, this was once again the case. There were two formula-related amendments offered on the floor: the Graham Children's Fair Share formula and the Feinstein Growth Formula Adjustment.

Formulas are usually made up of a number of different variables, but these

variables tend to represent three general indexes. These factors are: How wealthy is the State? What has the State's effort in this area been in the past? And what are the State's needs? The formula's end product depends as much on which of these factors you stress most as it depends on the relevant statistics from the State.

In the case of the Graham amendment, the so-called growth States were pitted directly against those States which traditionally had the highest welfare caseload and highest level of expenditures. If the Graham amendment had passed, it would have been devastating to the State of Michigan, and thus I felt compelled to oppose it.

The Feinstein amendment was a closer call. The Feinstein amendment was identical to the House formula, and apparently no State would have lost money under its provisions. In fact, the State of Michigan stood to receive a slight increase under the Feinstein proposal. However, because formula fights are so contentious, if every State only looks at the bottom line, we stand either to make bad policy or to be unable to win passage of the bill.

In the case of the Feinstein amendment, a compromise had already been worked out between the Senator from Texas, Senator HUTCHISON, and the Majority Leader which addressed many of the concerns of the so-called growth States. This was a fragile compromise and passage of Feinstein amendment would have abrogated it, effectively increasing the likelihood of the Graham amendment passing. That would have been devastating to Michigan. My vote against the Feinstein amendment was an attempt to ensure ultimate passage of the bill while also guaranteeing adequate funding for my State.

The Senator from Illinois, Senator MOSELEY-BRAUN offered two amendments that dealt with cutting off benefits. The first stipulated that the 5-year cumulative time limit on benefits for welfare recipients would not apply if any State did not provide employment, job training or job counseling to the recipient. The problem with this amendment is that it places the entire burden on the State to provide the work-activity related services'' to the recipient, thus alleviating the individual of any need to exert the effort and responsibility necessary to seek out and obtain job training or employment.

We already have a requirement that States get welfare recipients into work-related activities; it is called the participation rate. States which do not meet this will themselves be sanctioned. Mr. President, if individuals desire to get off welfare and into training or employment, they will find an eager partner in the State welfare agency. For those recipients who are less motivated—or not motivated at all—we need the 5-year time limit. Adopting this amendment would, in my estimation, emasculate the 5-year time limit, and for that reason I opposed it.

The second Moseley-Braun amendment dealt with the consequences of what happens to children if their parents are sanctioned for any reason and lose their benefits. It would have required States to replace the lost benefits with vouchers for goods and services equal to each child's share of the benefits. I am sympathetic to the problem the Senator from Illinois sought to rectify. I am simply concerned that, in this instance, her solution was too far-reaching.

As with ''strings'' in other areas—for instance illegitimacy—I am reluctant to tell States they must address a potential problem with a particular remedy. States are free, under this bill, to do exactly what this amendment proposes with their own funds. And I believe many will. But by passing this amendment, we would be limiting the options available to the State to address certain exigencies. I believe that would be a mistake, and for that reason I voted against this particular amendment of the Senator from Illinois.

The Senate also considered a similar amendment offered by the Minority Leader and the Senator from Massachusetts, Senator KENNEDY, which would permit States to use Federal funds to provide non-cash assistance to children whose parents become ineligible for assistance due to the five year time limit. As I stated above, States are, of course, perfectly free and capable to provide this assistance with their own funds. However, there is another provision of the Dole bill which could apply in such instances.

The Dole bill does allow States a hardship exemption to protect families from the five year time limit when circumstances warrant. In fact, the Majority Leader, at the request of the Minority Leader, raised the level of hardship exemptions States can claim from 15 percent to 20 percent precisely to address this concern. So I am confident that sufficient resources and flexibility exist for States to take care of children who may be affected by the 5-year time limit.

Mr. President, I have a lot more faith than apparently is held on the other side of the aisle that Governors and State legislators—whether they are Republicans or Democrats—will not allow children in their States to suffer. I know that many people believe that will occur. I do not. I believe that any elected official who allows that to take place on their watch will pay the price at the ballot box at the next election. And frankly, Mr. President, there is already considerable suffering occurring under the present system. I do not imagine the States could do much worse.

There were two amendments from the Senator from Maryland that I would like to discuss. One dealt with an issue both she and I had addressed earlier this year in the Labor Committee. Her amendment proposed to strike from the workforce development portion of the welfare bill the repeal of Title V of the Older Americans Act which applies to senior community service employment programs. While the workforce development section now has been separated from the welfare reform bill to be taken up as a free-standing measure, let me describe the rationale behind my opposition to the Mikulski amendment.

The existing Senior Community Service Employment program gives approximately $320 million to about 10 national seniors groups. It is then left to those groups to set up programs that benefit the seniors at the State and local level. By many accounts, that presently is not happening. During the Labor Committee's consideration of the workforce development bill, I heard from seniors groups in Michigan. They supported the concept of block granting these funds to the State level precisely because they are not receiving adequate funding under the current structure.

The General Accounting Office reportedly will soon release a report documenting the degree to which these funds fail to ever reach the senior citizens and local seniors groups they are meant to benefit. Reportedly, one fifth of the $320 million is going to administrative costs including salaries, fringe benefits and expenses. Only a fraction of the remainder reaches the grass roots level. This is the type of arrangement that my constituents sent me to Washington to rectify. That is why I supported block granting these funds to the States and why I voted against the Senator from Maryland's amendment.

The second Mikulski amendment was very attractive in theory, but it contained a couple of elements which I could not justify supporting. The purpose of the amendment was noble: to create incentives for families to stay intact and to remove any existing disincentives from the law. Regrettably, one of the incentives was a mandate on States to establish job training and employment programs for non-custodial parents to help them get jobs, earn an income, and pay child support.

That is a laudable objective, Mr. President. However, how do we explain to the lower-middle class working parent, who may already be holding down two or three jobs himself or herself, that we are setting up a new program to provide a dead-beat dad job training when we are not providing them the same opportunity. I think the existing penalties for dead-beat parents—and the additional ones provided in this bill—will give them sufficient incentive, if they are so inclined, to seek out training and work. And there are plenty of existing job training and employment service programs available to meet the needs of any non-custodial parents needing assistance.

Second, this amendment attempted to re-insert into the bill a controversial provision which had already been struck: namely, the $50 pass-through.

In most, if not every State, the policy is that when delinquent child support payments are finally collected, the State is first entitled to subtract the costs it incurred in providing assistance to the family while child support was not forthcoming. It then passes any remaining money on to the mother.

This amendment would propose that the first fifty dollars collected in back child support be passed directly through to the mother before the State attempts to defray its costs in caring for the family. Mr. President, State child support agencies oppose this amendment as an added and unnecessary administrative burden and as an obstacle to States' attempts to recoup monies they have spent supporting these families. We are not talking about States taking money which rightfully belongs to others. We are talking about State's being reimbursed for their expenditures when remuneration becomes available, and therefore, being able to support another needy family at a later date. That is entirely reasonable and fair, and thus, I believe such a proposal is misguided.

The Mikulski amendment does contain a provision which I strongly support: the elimination of the 100-hour work limit or the man in the house rule. However, the other aforementioned elements of the amendment are not sound policy to my mind, and therefore, I felt constrained to oppose the amendment.

As an aside, Mr. President, back in 1992 the State of Michigan sought and received a waiver from HHS from the man in the house regulation as well as the work history requirement before families can become eligible for AFDC. Please understand this incongruity: For a two parent family to be eligible for AFDC, one of the parents must have a recent work history, but at the same time, that parent cannot be working more than 100 hours in a given month. That, Mr. President, is why we need to free States from the Federal micro-management which has, I think, plagued our national social policy over the last thirty years.

On another matter, the Senator from New Mexico, Senator BINGAMAN, offered an amendment to increase funding levels for treatment programs for drug abuse and alcohol treatment. Senator BINGAMAN's amendment sought to increase funding for these programs by an additional $300 million. This was after the Majority Leader and the Minority Leader had already included in the final modification package a funding level of $50 million for the next two years. The Senator from New Mexico preferred $100 million for the next 4 years.

Mr. President, it is no secret that substance abuse and alcoholism are severe problems for our society and not simply characteristic of welfare populations. Nevertheless, research confirms that a very sizable segment of the long-term welfare dependent population has either a substance or alcohol abuse problem. Any effective welfare reform program at the State level will have to deal with this dilemma.

The problem, Mr. President, is that we have very limited resources with which to work. If we add $300 million dollars in substance abuse treatment, it will come from one of two places. It can come right off the top of each State's welfare block grant. But this is money already going to the States, and under this amendment, the States would have no option but to use it exclusively for treatment. At least under the Dole proposal, States can assess their own needs in determining what is a reasonable level of expenditure.

The only other recourse we would have is to tell the Finance Committee that they now, during the reconciliation process, need to come up with another $300 million from somewhere. Will it be Medicare? Will it be Medicaid? Who knows? The responsible thing, I believe, Mr. President, is to allow the States to determine their own needs and give them the flexibility to direct the necessary resources to meet that need. For that reason, I voted against the Bingaman amendment.

That same day we also considered a Sense of the Senate amendment by the Senator from Minnesota, Senator WELLSTONE, which stated that ''any Medicaid reform enacted by the Senate this year should require that States continue to provide Medicaid for 12 months to families who lose eligibility for welfare benefits because of more earnings or hours of employment.''

Mr. President, this is one of those amendments that appears well intentioned and reasonable, but serves, I think, to replicate the type of over-regulation that has hampered our Federal social programs for years. In Michigan, as I have already noted, we were able to secure a waiver from HHS that would allow us to opt out of a Federal regulation which served to limit people's access to Medicaid. Once Michigan obtained the waiver, between October 1992 and December 1992 over 4,500 cases were transferred from our State Family Assistance Program to Medicaid.

In 1994, Michigan sought another waiver from HHS. The State wanted to eliminate the disincentive which often exists when people face the prospect of losing Medicaid if they find employment and leave AFDC. Michigan proposed to offer a Medicaid ''Buy-In'' option for individuals whose transitional Medicaid coverage had expired and for whom employer-based health coverage was not available. This program would also cover children for whom a child support order requires the purchase of health coverage. Regrettably, our State has still not received a waiver from HHS so they cannot move forward with this program. Because of this inaction, people in my State go without health care coverage or remain on welfare.

Mr. President, I ask my colleagues: Where is the compassion in that? This program would in fact be even more generous than what the Senator from Minnesota has suggested in his amendment. The State of Michigan was not under duress when it requested this waiver; it was good social policy. It is experiences like this that give me confidence that the States are going to perform much better than people think, and better than the Federal Government has performed in many areas.

Perhaps the amendment of the Senator from Minnesota is not misguided in intent, but I am afraid it is misguided in effect. It states that one particular approach is ideal in all situations. There is not even an allowance for States to deny benefits to individuals earning over a reasonable income limit; it only states ''families who lose eligibility'' because of ''more earnings'' should retain their Medicaid eligibility for an additional 12 months. This amendment is simply unrealistic, and it undermines our efforts to give States maximum flexibility in responding to various exigencies. I felt it was necessary to oppose it.

Following the Wellstone amendment, the Senate took up an amendment offered by the Senator from Wisconsin, Senator KOHL. The Kohl amendment would have exempted senior citizens, the disabled, and children from the optional food stamp block grant which is part of the Dole bill. First let me point out that, through burdensome regulations and restrictions, we have already made the ''option'' for States to elect a food stamp block grant fairly unattractive. This would make it only more so. Imagine the administrative nightmare for a State to run a system in which some of its citizens are in the State program and some are still in the Federal system. That would prove to be unworkable.

There is also the matter of cost. This provision would reportedly cost an additional $1.4 billion. As I have already indicated, it can only come from two places: decreasing the amount going to States in their welfare block grants—meaning less money in assistance—or further reductions in other federal programs like Medicare or Medicaid. I do not believe that either of those results is acceptable, and therefore, I voted against the Kohl amendment.

The Senator from Florida, Senator GRAHAM, offered an amendment which would undermine the tough work requirement in the Dole bill by allowing the Secretary of HHS to modify each State's work participation rate to reflect the varying levels of Federal assistance. I agree that some States are farther along than others in developing a welfare program capable of meeting the ambitious participation rates contained in the Dole bill. However, I also believe that States are given sufficient tools and enough flexibility in this bill to meet these targets in the time allotted.

My concern, Mr. President, is that if we do not have tough, uniform work requirements, States will have every incentive to come up with reasons that these target rates are not achievable. As it now stands, States know what is expected of them, and they are given five years to meet these targets. And we have made a number of changes to facilitate their task. To have accepted this amendment would have set us back considerably from our goal to have people on welfare performing real work. For that reason, I could not support the Graham amendment.

In conclusion, Mr. President, I believe the Senate's passage of this legislation was a momentous occasion. It marked, I think, a watershed in our approach to social policy in this Nation. There were a number of considerable accomplishments in this measure.

We were able to end the ''entitlement'' status of welfare benefits. The American people have made it clear that they want a welfare system which does more than simply provide government hand-outs. They expect something from the recipient in return—self-discipline, a work ethic, personal responsibility. But it is practically impossible to have real welfare reform without the ability to sanction those recipients who fail to abide by the terms of the program.

As long as welfare is treated as an entitlement—essentially a right and not a benefit—the courts have ruled that the same due process rights exists for the welfare recipient as for a homeowner or property owner. In fact, some would argue it would be easier for the Government to take your property away. Without this legislation, sanctioning recipients who refuse to work will be administratively unduly burdensome if not impossible.

The second major achievement of the welfare bill was to erect a strong work requirement for States to use in developing their programs. We started by giving States difficult targets to reach in the form of work participation rates among welfare recipients—and without exemptions. Exemptions only serve to exaggerate the number of people working in any State. We then crafted a strict definition of what constitutes work so that we could be confident that the States had genuine work programs. Other than those parameters, Mr. President, we tell the States that they are free to determine by themselves how they wish to meet those targets.

Third, while the Senate did not go as far as many people wished, we took a sizable and laudable first step toward addressing the crisis of illegitimacy. We made illegitimacy a core feature of the welfare reform bill, and we gave States a carrot and stick. The carrot comes in the form of the illegitimacy ratio bonus. The stick, I believe, is the inevitability of Congress taking much more drastic, prescriptive actions if States fail to effectively combat their out-of-wedlock birth rates.

Finally, the bill gives the States tremendous latitude and flexibility in designing and running the programs we are block granting and sending back to them. That is critical if the block grant approach is to ever succeed.

For years, many of us have said that the Federal Government does not have all the answers. We have repeatedly proclaimed that too often bureaucrats in Washington have actually created many of our problems or were hindrances to others' attempts at finding solutions.

Mr. President, this Senator simply does not believe that government at any level—Federal, State or local—has the resources or the ingenuity to solve all of our Nation's social problems. That is especially true when we are talking about many of the issues related to welfare reform: illegitimacy, child care, education and job training, paternity establishment and child support.

If all we ask of our welfare system is to provide a safety net for people who have fallen on hard times, then we can content ourselves with Government merely getting money or goods into peoples' hands. However, if we want our welfare system to be one in which individuals needing assistance are given the tools and the opportunities to get off welfare and never return, the assistance we provide has to be more than simply a government hand-out.

To accomplish this will require input from a whole host of other institutions in our society beyond government—our churches, our schools, our businesses, our civic associations—in essence, our entire community. For too many years, Government has seen itself as the sole purveyor of opportunity for the less fortunate and, in the process, has stifled the efforts of other institutions desirous of sharing the workload. With the passage of this welfare reform bill, we are telling Government that it must begin to share the responsibilities and the resources with other partners in this endeavor.

That is why I believe the legislation we passed last week is such a tremendous accomplishment. I trust the conferees will work diligently to come up with a similarly tough and balanced measure, one that most of us can wholeheartedly support.●

IN RECOGNITION OF THE 30TH ANNIVERSARY OF THE NATIONAL ENDOWMENT FOR THE ARTS

● Mr. JEFFORDS. Mr. President, I would like to take a moment today to mark the 30th anniversary of the National Endowment for the Arts. Thirty years ago, President Lyndon Johnson initiated a program which gave the government a modest role in bringing the arts and culture to all the people of our great nation. Today, 30 years later, this small investment is being called into question, ignoring that the National Endowment for the Arts has made a substantial contribution to the cultural lives of Americans in all corners of the nation. The NEA has lived up to the purposes for which Congress established, specifically, ''to ensure that the arts and humanities belong to all people of the United States.'' This has been no small achievement, and is one which the Endowment can stake claim to—broadening accessibility and increasing the breadth of participation.

For much of our Nation's history, one had to travel to the biggest cities—New York, Chicago, Boston or Los Angeles—to participate and enjoy the best of what the arts had to offer. This is no longer the case. The Endowment has encouraged a real flowering of the arts across the nation and provided the seeds for each community to celebrate its uniqueness and its creativity. While one could not say that the Endowment is the creator of art—certainly the arts would exist and have existed without it—one can safely say it has been a catalyst for ensuring that the very best of the arts are available to even the smallest corner of the nation and to all segments of the population.

All across America, millions of children and their families have had the chance to see the great masterpieces of the visual arts, hear the masterworks of American composers, and read the novels and stories and poems of America's great writers. The gift of the Endowment to our Nation is realized by each person, young and old, whose horizon is broadened through dancing and writing, whose self esteem is reinforced through participation in the arts, who is able to communicate through creating. Bringing the magic and wonder of the arts to all of us, is the triumph of the NEA.

Mr. President, on this 30th anniversary, I would also like to take a moment to pay tribute to one of the founding fathers of the NEA, the distinguished senior Senator from Rhode Island, CLAIRBORNE PELL, who has been a true champion of the arts. He, too, should be recognized on this anniversary for his extraordinary contributions. As a long time supporter of this agency and sponsor of legislation to reauthorize the National Endowment for the Arts in 1995, I am proud to come to the Senate floor and make note of this special day.

Now that it appears that the Endowment is secure, I would like to thank all my colleagues who helped through this difficult time. We should not allow for controversy to overshadow this agency's great accomplishments. It is my hope that the National Endowment for the Arts will continue to serve the American public will into the next century.●

UNANIMOUS CONSENT AGREEMENT—S. 908

Mr. COATS. Mr. President, I ask unanimous consent that the majority leader, after consultation with the Democratic leader and after the managers of the bill have agreed on the